

110TH CONGRESS
1ST SESSION

H. R. 4574

To amend the Internal Revenue Code of 1986 to provide a shorter recovery period for the depreciation of certain systems installed in nonresidential real property or residential rental property.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2007

Ms. BEAN (for herself and Mr. HOEKSTRA) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a shorter recovery period for the depreciation of certain systems installed in nonresidential real property or residential rental property.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. RECOVERY PERIOD FOR DEPRECIATION OF**
4 **CERTAIN SYSTEMS INSTALLED IN NONRESI-**
5 **DENTIAL AND RESIDENTIAL RENTAL BUILD-**
6 **INGS.**

7 (a) 20-YEAR RECOVERY PERIOD FOR HIGHLY EFFI-
8 CIENT HVAC&R EQUIPMENT.—Subparagraph (F) of sec-

1 tion 168(e)(3) of the Internal Revenue Code of 1986 (re-
2 lating to 20-year property) is amended to read as follows:

3 “(F) 20-YEAR PROPERTY.—The term ‘20-
4 year property’ means—

5 “(i) initial clearing and grading land
6 improvements with respect to any electric
7 utility transmission and distribution plant,
8 and

9 “(ii) any property—

10 “(I) which is part of a heating,
11 ventilation, air conditioning, or com-
12 mercial refrigeration system,

13 “(II) which exceeds by at least
14 10 percent the applicable minimum
15 performance standard for such system
16 or component under the National Ap-
17pliance Energy Conservation Act of
18 1987, the Energy Policy Act of 2005,
19 or the American Society of Heating,
20 Refrigerating and Air-conditioning
21 Engineers Standard 90.1,

22 “(III) which is installed on or in
23 a building which is nonresidential real
24 property or residential rental prop-
25 erty,

1 “(IV) the original use of which
2 commences with the taxpayer (the
3 owner or lessor in the case of residen-
4 tial rental property), and

5 “(V) which is placed in service
6 before January 1, 2012.”

7 (b) 25-YEAR RECOVERY PERIOD.—Section 168(e)(3)
8 of such Code is further amended by inserting after sub-
9 paragraph (F) the following new subparagraph:

10 “(G) 25-YEAR PROPERTY.—The term ‘25-
11 year property’ means any property—

12 “(i) which is part of a heating, ven-
13 tilation, air conditioning, or commercial re-
14 frigeration system,

15 “(ii) which is not described in sub-
16 paragraph (F),

17 “(iii) which is installed on or in a
18 building which is nonresidential real prop-
19 erty or residential rental property,

20 “(iv) the original use of which com-
21 mences with the taxpayer (the owner or
22 lessor in the case of residential rental
23 property), and

24 “(v) which is placed in service before
25 January 1, 2012.”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) The table contained in section 168(c) of
 3 such Code is amended by inserting after the item re-
 4 lating to 20-year property the following new item:

“25-year property 25 years”.

5 (2) The table contained in section 467(e)(3)(A)
 6 of such Code is amended by inserting after the item
 7 relating to residential rental property and nonresi-
 8 dential real property the following new item:

“25-year property 25 years”.

9 (d) REQUIREMENT TO USE STRAIGHT LINE METH-
 10 OD.—Paragraph (3) of section 168(b) of such Code (relat-
 11 ing to property to which straight line method applies) is
 12 amended by redesignating subparagraphs (F), (G), and
 13 (H) as subparagraphs (G), (H), and (I), respectively, and
 14 by inserting after subparagraph (E) the following new
 15 subparagraph:

16 “(F) Property described in subsection
 17 (e)(3)(F)(ii) and subsection (e)(3)(G).”.

18 (e) ALTERNATIVE SYSTEM.—The table contained in
 19 section 168(g)(3)(B) of such Code is amended by striking
 20 the items relating to subparagraph (F) and inserting the
 21 following new items:

“(F)(i) 20

(F)(ii)	20
(G)	25”.

1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 December 31, 2007.

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